

# CITY OF BRANSON

Missouri

## Comprehensive Annual Financial Report



"Branson Strip Image" courtesy Michael Long

For The Fiscal Year Ending September 30, 2005

CITY OF BRANSON, MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2005

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i - vii
GFOA Certificate of Achievement	viii
List of Principal Officials	ix
Organizational Chart	x
Financial Section:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances -- Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

CITY OF BRANSON, MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2005

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	25 - 26
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Tourism Tax Fund	27
Statement of Net Assets - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Assets - Fiduciary Funds	31
Notes to Basic Financial Statements	32 - 63
Required Supplementary Information:	
Pension Plan Historical Trend Information	64
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Recreation Fund	68
Statement of Changes in Assets and Liabilities – Agency Fund	69

CITY OF BRANSON, MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2005

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70
Statistical Section:	
General Governmental Expenditures by Function	71
General Governmental Revenues by Source	72
General Governmental Tax Revenues by Source	73
Property Tax Levies and Collections	74
Assessed and Estimated Actual Value of Property	75
Property Tax Rates Direct and Overlapping Governments per \$ 100 Assessed Valuation	76
Principal Taxpayers	77
Computation of Direct and Overlapping Bonded Debt	78
Revenue Bond Coverage – Tourism Tax Bonds	79
Demographic Statistics	80
Property Value of New Construction	81
Miscellaneous Statistics	82



## INTRODUCTORY SECTION



# CITY OF BRANSON

110 West Maddux St. • Suite 210 • Branson, Missouri 65616  
(417) 334-3345 • Fax (417) 334-6095

November 11, 2005

Honorable Mayor  
Members of the Board of Aldermen  
Citizens of the City of Branson, Missouri

The City Administrator and Finance Director are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Branson, Missouri, for the fiscal year ended September 30, 2005. This report is submitted to you in compliance with Section 2-423 of the Branson City Code, which requires an annual report presentation to the Board of Aldermen on the financial condition of the City.

Responsibility to report complete and accurate financial data rests with the City. It is our belief that the information reported in this document fairly presents the financial position of the City in all material aspects, on a government-wide and fund basis. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

To ensure reliability of the accounting data on which the City's financial statements are based, internal controls are utilized to provide reasonable assurance that transactions are accounted for properly and the city's assets are safeguarded. Additionally, the Finance Department staff prepared this report in conformity with generally accepted accounting principles (GAAP) in the United States of America, which are standard guidelines for financial reporting, further ensuring that the financial position of the City is presented fairly in all material aspects.

The independent auditing firm of Berberich Trahan & Co., P.A. audited the City of Branson's financial statements. The purpose of the audit conducted by Berberich Trahan was to review and provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2005 are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The CAFR is presented in three sections: introductory, financial and statistical. The *introductory section* is designed to introduce the reader to the report and includes the transmittal letter, the City's organizational chart and a list of principal officials. The *financial section* begins with the independent auditors' report. The auditors' report discloses the opinion of the independent auditors with regard to the presentation of the financial statements. This section also includes Management's Discussion and Analysis (MD&A), the Basic Financial Statements and Notes that provide information on the City's financial position and operating results and the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements. The *statistical section* includes selected financial and demographic information, generally presented on a multi-year basis. This section is designed to provide the user with a broader and more complete understanding of the City and its financial affairs than is possible from only the financial statements and supporting schedules presented in the financial section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Branson's MD&A can be found in the Financial Section immediately following the report of the independent auditors.

### *Profile of the City*

The City of Branson (2000 population 6,050) is located in southwest Missouri, 35 miles south of Springfield within the heart of the Ozark Mountains. Branson is surrounded by three prize winning fishing and recreational lakes. The city is 19 square miles and plays host to over seven million visitors a year. The city has become the focus of international attention as both a major development area and an entertainment and tourism mecca. The reasons are numerous and range from the scenic natural beauty of the region to the star studded theaters with their line-up of major recording artists as well as other family oriented entertainment offerings.

The City has operated under the Board of Aldermen-City Administrator form of government since April 1, 1912. As the legislative body, the Board of Aldermen is responsible for enacting all ordinances, resolutions and regulations governing the City, as well as for appointing or electing the members of various statutory and ordinance boards, the City Administrator, the City Attorney and the City Clerk.

The Board consists of the Mayor and six Board members, who are elected on a nonpartisan basis. The Mayor serves a two-year term and Board members; two from each of three zones within the City, each serve staggered two-year terms. As chief administrator, the City Administrator is the chief executive officer of the City and is responsible for managing the city, enforcement of the laws and ordinances, direction of all officers, employees and departments and for carrying out the policies of the Board of Aldermen.

The City of Branson provides the full range of services normally associated with a municipality, including police and fire protection, emergency communication center, public works services and recycling center, public health services, parks and other recreational facilities, development services and general administrative services. The City also operates the sanitary sewerage and the water treatment and distribution system, all of which are accounted for in the financial statements as business-type activities.

The annual budget serves as the foundation for the City of Branson's financial planning and control. During the budget preparation process, each office, department, etc., of the reporting entity provides detailed requests for expenditures for evaluation by the City Administrator. Each office, department, etc., also prepares a detailed 5-year Capital Budget Request Projection, which is submitted to the City Administrator. The City Administrator also reviews estimates for all pending capital projects and those recommended for approval in the next budget year. The City Administrator may revise the estimates, as he deems necessary. Prior to the beginning of each budget year, the City Administrative presents a proposed budget to the Board of Aldermen finance and budget committee. The City Administrator then submits to the entire Board of Aldermen a final proposed budget. The budget is prepared by fund, department and function. Transfers of appropriations within departments or between departments within a fund may be made with the approval of the City Administrator. However, transfers between funds must be approved by the Board of Aldermen.

### ***Factors Affecting Financial Condition***

**Local Economy**—In 2005, the City of Branson felt the impact of the recent economic slow-down. However, while tax receipts are down marginally, it continues to experience growth and expansion with many new projects and venues under construction. Branson's economy is focused primarily on the tourism industry, which results in an average unemployment rate of 7.5%, slightly above the state average.

#### ***Tourism***

Situated within an 8-hour drive for 50% of the U.S. population, Branson and the Tri-Lakes area record over seven million visitors annually who pump over a billion dollars into the local economy. Branson has been a "rubber tire" destination with the vast majority of tourists arriving by vehicles, RV's and tour buses. Branson holds the title of America's top motor coach vacation destination. However, more visitors are now flying into the area each year via the Springfield-Branson Regional Airport, the M.Graham Clark Airport at Pt. Lookout, Missouri and the Harrison Regional Airport at Harrison, Arkansas.

A survey of the American Society of Travel Agents (ASTA) ranked Branson the "number one up and coming most-booked destination for travel agents".

A geographical profile of Branson visitors shows the following:

Come from a radius of 100 miles or less	28%
Radius of 100 to 300 miles	35%
Radius of over 300 miles	37%
Average distance traveled	291 miles



The growth in tourism and the related construction activity over the last decade has greatly increased the tax revenues of the city, particularly sales and tourism tax revenues. Tourism growth has also placed a strain on the city's infrastructure. This pressure has resulted in significant infrastructure improvements over recent years, financed 100% by the increased revenues from sales and tourism taxes.

### *Area Theaters*

Branson resounds with the best of American music. It is America's Live Entertainment Capital, and among its residents are some of the biggest names in contemporary and country music. The variety of music includes country, pop, gospel, bluegrass, western, rock n'roll, classical jazz and Broadway. There's also comedy, magic, Irish dancing and a variety of staging that defy easy labels. A successful midwestern family vacation destination for many years, the music industry's rapid expansion in the past decade has launched the community into world-class tourism. It's been called a phenomenon. Branson is home to 45 music theaters whose 55,967 theater seats are 9,000 more than on Broadway in New York City. Each theater hosts from one to three different shows daily. Collectively, they hosted more than 100 shows in 2005, and offered live entertainment from early morning until late evening. Several of the widely known performers who came to the area are now permanent residents and actively involved in the community. In turn, these performers have helped to draw recognition to the immense pool of talent in all of Branson's theaters. Together, they create a diversity and balance to suit every musical and entertainment taste.

### *Family Attractions*

Three big lakes—Table Rock, Taneycomo and Bull Shoals—offer some of the finest fishing in the nation and any freshwater activity you can imagine. You can enjoy boating, swimming, skiing, sailing, sunning, scuba diving, parasailing and sightseeing.

Many excursion boats cruise the lakes providing passengers with lunch, dinner and sightseeing.

Three large area theme parks draw millions of visitors. These parks provide a wonderful venue for visitors of all ages. They feature unique crafters and artists, rides and amusements, live comedy and drama, many dining places, dozens of musicians and music shows, and water attractions such as wet rides and wave pools.

### *Golf*

Ten golf courses are currently open in the Branson/Tri-Lakes Area. Golfing is one of the fastest-growing interests of vacationers who can enjoy their favorite sport on a choice of courses within just a few miles of each other. Country clubs, pro shops, lessons, restaurants and all amenities are available. And who knows, you may see a familiar famous face or two teeing off on the next fairway. Many of Branson's entertainers enjoy golf and are often seen on local courses.

### *Outdoor Activities*

Table Rock Lake is a freshwater fisherman's paradise. Fertile waters teeming with an assortment of America's top sport fish like bass and crappie make it the ideal spot for the novice and serious fisherman alike. Table Rock Lake is the scene of many national fishing tournaments.

Lake Taneycomo is equally famous as a cold-water trout waterway. Rainbow and brown trout abound. Missouri Department of Conservation maintains a fish hatchery near Table Rock Dam.

Bull Shoals Lake offers much of the same recreational opportunities as Table Rock Lake, only a few miles away. It's less densely developed than the Table Rock and Taneycomo areas; however, comfortable resorts and campgrounds are available along its shorelines.

Hikers can enjoy the outdoors on established nature trails that wind through forests and skirt the lakes' shorelines.

Spelunking, or cave exploration, is also available in the area.

Hunters come by the thousands each season for deer, turkey and other game.

For people who prefer to see the outdoors from the comfort of their vehicles, all numbered highways offer scenic vistas of the Ozarks.

### *Shopping*

Visitors consistently rank shopping among the most popular activities of the area. With three large factory outlet malls, a thriving downtown district and specialty stores throughout the city, shoppers can find contemporary goods and handcrafted items all year round. Branson ranks in the top 10 in the nation in the number of factory outlet stores. In 2006, the public-private Branson Landing Lakefront Development will open, adding 1,000,000 square feet of retail shopping/restaurant space. In 2006, the Branson Hills Home Depot/Target/TJ Maxx development will open, adding further to the retail shopping venues.

### *Lodging and Restaurants*

Today more than 18,000 rooms are available in local motels, hotels, bed and breakfast inns and condominiums. The current number of lodging facilities is 201. Room rates range from \$22 per night for budget accommodations to \$459 for luxurious suites overlooking Table Rock Lake. Seasonal rates and senior citizen discounts apply at many lodging facilities.

Visitors have an endless variety of restaurants and food establishments from which to choose. There are more than 408 eating establishments with over 35,000 seats. Cuisines range from American to International.

### *Conference Facilities*

The Branson area has several conference center hotels. A conference center with a 302-room hotel is located on the shores of beautiful Table Rock Lake and has the ability to accommodate up to 3,000 delegates. In addition, another facility one block from the world famous Highway 76 has meeting and conference capacity of 1,200. The City is currently constructing, through a public-private partnership, a 220,000 square foot convention and exhibition complex in conjunction with a convention center hotel adjacent to the city's waterfront development on Lake Taneycomo.

### *Long-term financial planning*

The City of Branson utilizes a five-year capital improvement program to prioritize public projects, which will be scheduled over a number of years, as financial resources on a pay-as-you-go basis, are available. The exception to this rule is the public-private project to redevelop the Taneycomo Lakefront and construct a Convention Center in the downtown district. This project, including all infrastructure, convention center and other public improvements, will be financed through a series of bond issues secured with the city's annual appropriation pledge and tax increment financing. In addition to the \$40,000,000 bond issue of 2004, the city issued \$80,000,000 in TIF bonds in 2005 to complete the project. These projects will be supported by local property taxes, economic activity taxes and state sales taxes from within the district. The City always looks for creative funding solutions such as cost sharing with other governmental agencies, public-private cooperative efforts, and any other source of funding for projects that become available.

The city uses funding from the Tourism Tax and the Transportation Tax, net of debt service, exclusively to finance needed infrastructure extensions and improvements. The city has participated with Taney County in the extension of sewer services throughout the Fall Creek Basin and currently into the Bee Creek area. These projects have been financed through the county ½ cent sewer tax, state and federal grants and Department of Natural Resources loans.

### *Cash management policies and practices*

The primary objectives of the City's investment activities encompass safety, liquidity and yield. Investments are undertaken in a competitive manner, either in the form of U.S. Government treasuries, or requiring insurance or collateralization of the principal. To maximize investment earnings, the City consolidates cash balances of all funds except for certain restricted funds. Since falling interest rates have negatively impacted the City, current investment practices involve short-term investments with maturities of two years or less, anticipating that rates will recover in the near future.

### *Risk Management*

The City maintains all general liability insurance coverage through the state of Missouri's MIRMA insurance program.

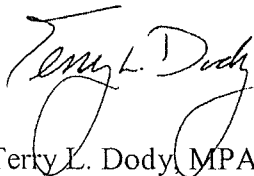
## *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. This was the first year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Our appreciation is extended to the Mayor, the Board of Aldermen, department directors and all city employees for contributing to the sound financial condition of the City. Furthermore, the preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department staff.

Sincerely,



Terry L. Dody, MPA, CGFM  
City Administrator



Deanna K. Schlegel, CPA, CGFM  
Director of Finance

"The City will encourage the quality growth of a healthy, wholesome, clean environment in which people live, work and visit."

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Branson,  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enns*

Executive Director

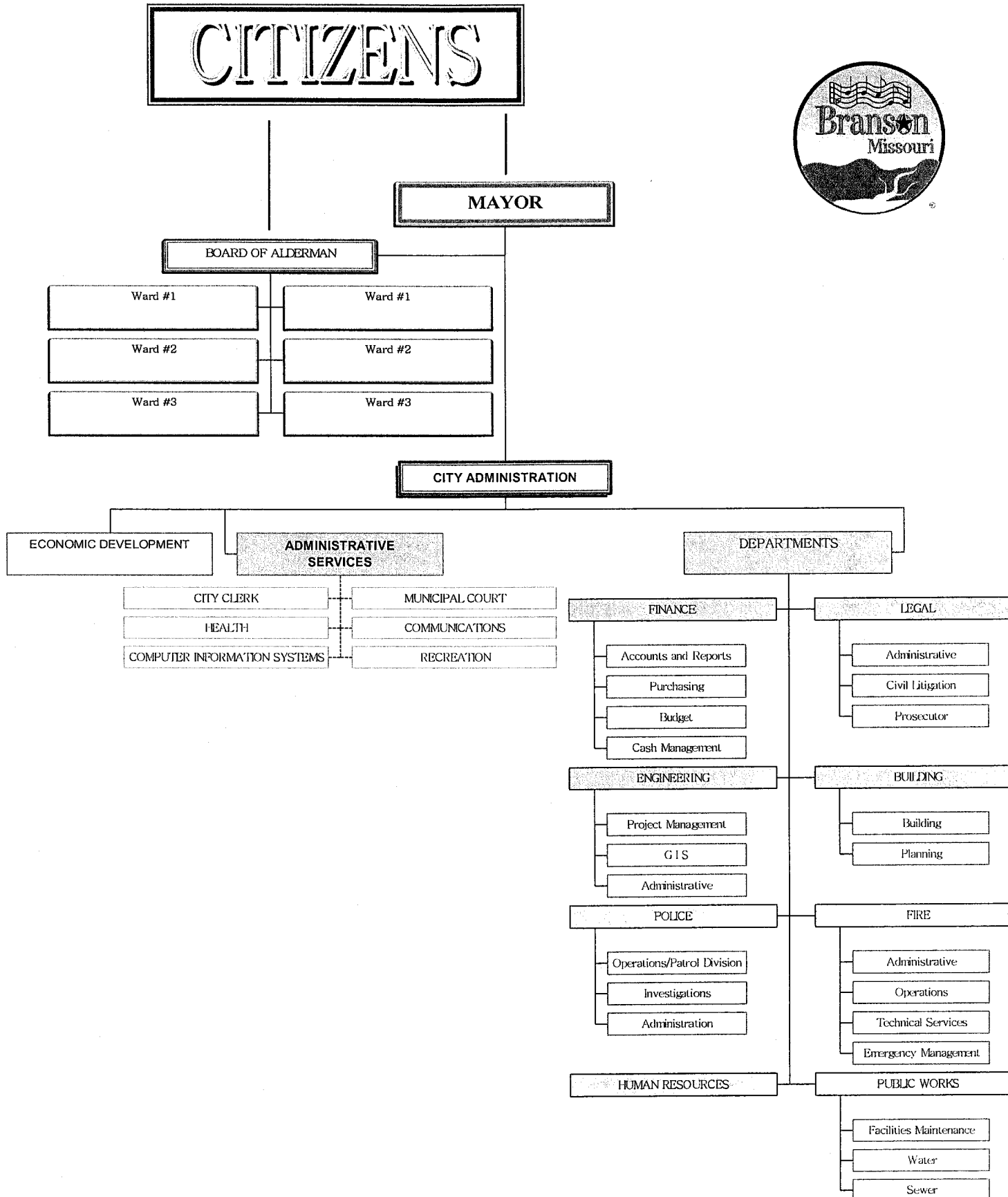
CITY OF BRANSON, MISSOURI

LIST OF PRINCIPAL OFFICIALS

September 30, 2005

Mayor	Lou Schaefer ✓
Alderman	Stan Barker ✓
Alderman	Dave Edie ✓
Alderman	Jack Purvis ✓
Alderman	Dick Gass ✓
Alderman	Beverly Martin ✓
Alderman	Ron Huff ✓
City Administrator	Terry Dody ✓
Assistant City Administrator	Frank Schoneboom
City Attorney	Joe Johnson
Finance Director	Deanna Schlegel
Human Resources Director	Deborah Durler
City Engineer	David Miller
Director of Planning and Development	Don Stephens
Police Chief	Steve Mefford
Fire Chief	Carl Sparks
City Clerk	Lisa Westfall
Public Works Director	Larry Van Gilder

CITY OF BRANSON, MISSOURI  
ORGANIZATIONAL CHART



FINANCIAL SECTION





# Berberich Trahan & Co.

Certified Public Accountants

3630 SW Burlingame Road  
Topeka, KS 66611-2050

Telephone 785 234 3427  
Toll Free 800 530 5526  
Facsimile 785 233 1768  
www.cpakansas.com

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, City Administrator  
and Board of Aldermen  
City of Branson, Missouri:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Branson, Missouri (the City), as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Branson, Missouri, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and tourism tax fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 16 and the Required Supplementary Information on page 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Berberich Trahan & Co., P.A.*

November 11, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an objective and easily understandable summary and analysis of the City of Branson's financial activities for the fiscal year ended September 30, 2005. It should be read in conjunction with the additional information that we have furnished in our letter of transmittal.

### Fiscal Year Highlights

Branson continues to be a thriving vacation destination, providing entertainment and accommodations to over 7 million visitors per year. In addition, the City of Branson is the economic center for residents of the region, providing the normal range of governmental and proprietary services, including both water and sewer services. These factors result in a greater volume of activity and transactions many times over what would normally be experienced by a City of 6,050 residents.

- The City's total assets are \$346,523,519 compared to \$266,676,610 for fiscal year ending 2004. Governmental activities assets total \$265,585,773 compared to \$186,536,795 for 2004. Business-type activities assets total \$80,937,746 compared to \$80,139,815 for 2004.
- During 2005, the City issued \$80,000,000 in Missouri Development Finance Board Infrastructure Facilities Bonds, to complete funding for the Public-Private Partnership created to renovate a major portion of the downtown waterfront district and build a full-service convention center and convention center hotel in the downtown district. The city has created a Tax Increment Financing District in the downtown area to capture state and local sales taxes, property taxes of the applicable districts and tourism taxes to fund the public portions of infrastructure improvements and construction of the convention and exhibition center. Additionally, these bonds are secured by the City's annual appropriation authority, but are not dependent on additional or new taxation.
- The City has completed and opened a 40 acre community recreation complex in Branson Hills on the north edge of the City. The facility accommodates a full range of recreational activities and includes a complete fitness center, indoor gymnasium facilities, an outdoor swimming pool, ball fields, soccer fields, indoor and outdoor jogging tracks, hiking trails, community use rooms and day care facilities. Total cost of the facility was \$12,670,000.
- The City property tax levy increased slightly over the 2003 levy of .4851 per hundred to .4853 per hundred on a total assessed value of \$362,056,636.
- The City realized a slight increase of .65% in sales taxes for 2005, reflecting a slight growth despite adverse economic conditions caused by the extreme hurricane season of 2005 with its effect on gasoline and transportation costs, and the Iraq war.
- The City continues to operate the Branson Meadows TIF, capturing sales tax receipts from the City and county, which are utilized to service debt created by the Branson Meadows project. There has been a substantial increase in construction and development in the TIF district, which will result in increased revenues to support the infrastructure improvements.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements, the statement of net assets and the statement of activities. These statements can be found on pages 17 and 18. The government-wide financial statements report information about the City as a whole using essentially the same accounting methods as used by the private sector.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statement of net assets and statement of activities divide the City into the following:

- **Governmental activities** – The City's basic services are considered to be governmental activities (public safety, public works, health, parks, and planning, engineering and general administration). These activities are supported primarily with general City revenues such as sales taxes, property taxes, interest earnings, fines, and specific program revenues like licenses, leases, and recreation and other program fees.
- **Business-type activities** – The City's enterprise activities are included here. These operations derive revenues from charges for services that theoretically are intended to recoup the full cost of operations. Branson has one business-type activity, the Water & Sewer Utility, which to remain solvent requires an annual subsidy from the City's tourism tax revenue.

## Fund Financial Statements

The City's funds are presented in the fund financial statements. These statements are on pages 19 through 31. The fund financial statements provide detailed information about each of the City's funds, which are divided into three categories:

- **Governmental funds** – Most of the City's basic services are included in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the tourism tax fund, the debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and tourism tax fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 – 27 of this report.

- **Proprietary funds** – The proprietary fund statements include the enterprise fund (Water and Sewer) and the internal service fund (Vehicle & Equipment Replacement Fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because the internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered to be a major fund of the City. The internal service fund is presented in a single column in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 28 – 30 of this report.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has a Landscape Trust fund, which accounts for landscaping and tree deposits, as required by City ordinance.

The basic fiduciary fund financial statement can be found on page 31 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 – 63 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65 – 69 of this report.

## Statement of Net Assets

The following table reflects the condensed statement of net assets as of September 30, 2005 and September 30, 2004:

### City of Branson Net Assets

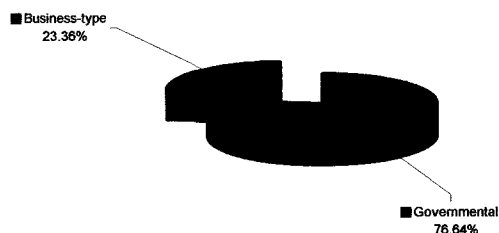
City of Branson Net Assets						
	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 123,696,723	\$ 78,504,724	\$ 2,951,957	\$ 6,241,495	\$ 126,648,680	\$ 84,746,219
Capital assets	141,889,050	108,032,071	77,985,789	73,898,320	219,874,839	181,930,391
Total assets	<u>265,585,773</u>	<u>186,536,795</u>	<u>80,937,746</u>	<u>80,139,815</u>	<u>346,523,519</u>	<u>266,676,610</u>
Long-term liabilities outstanding	204,567,367	127,909,667	2,044,264	2,835,689	206,611,631	130,745,356
Other liabilities	6,799,289	4,278,953	1,327,086	890,543	8,126,375	5,169,496
Total liabilities	<u>211,366,656</u>	<u>132,188,620</u>	<u>3,371,350</u>	<u>3,726,232</u>	<u>214,738,006</u>	<u>135,914,852</u>
Net assets						
Invested in capital assets,						
net of related debt	12,523,781	7,743,144	76,130,789	71,208,320	88,654,570	78,951,464
Restricted	23,716,023	28,063,401	-	-	23,716,023	28,063,401
Unrestricted	17,979,313	18,541,630	1,435,607	5,205,263	19,414,920	23,746,893
Total net assets	<u>\$ 54,219,117</u>	<u>\$ 54,348,175</u>	<u>\$ 77,566,396</u>	<u>\$ 76,413,583</u>	<u>\$ 131,785,513</u>	<u>\$ 130,761,758</u>

Total assets for the City as a whole are \$346,523,519 compared to \$266,676,610 in 2004. This includes \$265,585,773 compared to \$186,536,795 for governmental activities and \$80,937,746 compared to \$80,139,815 for business-type activities. Of these total assets, \$219,874,839 are capital assets compared to \$181,930,391 in 2004, and \$126,648,680 are other assets compared to \$84,746,219 in 2004. For governmental activities, \$141,889,050 are capital assets compared to \$108,032,071 in 2004 and \$123,696,723 are other assets compared to \$78,504,274 in 2004. Capital assets for business-type activities are \$77,985,789 compared to \$73,898,320 in 2004 and other assets are \$2,951,957 compared to \$6,241,495.

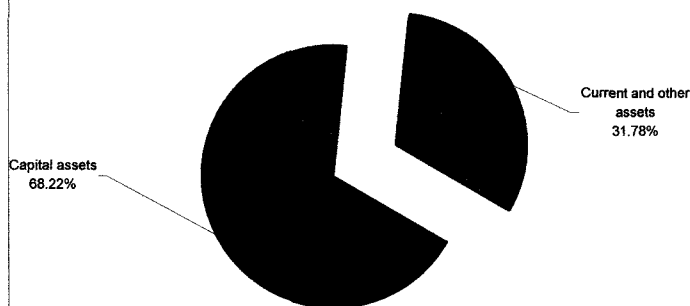
**2004 Total Assets by Activity**



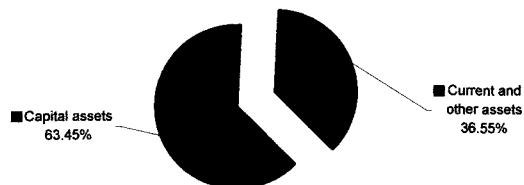
**2005 Total Assets by Activity**



**2004 Total Assets by Type**



**2005 Total Assets by Type**



Total liabilities for the City are \$214,738,006 compared to \$135,914,852 in 2004. This includes \$211,366,656 supported by governmental activities and \$3,371,350 for business-type activities compared to \$132,188,620 and \$3,726,232 for 2004. Of total liabilities, \$206,611,631 is long-term liabilities and \$8,126,375 is other liabilities compared to \$130,745,356 and \$5,169,496 for 2004. Long-term liabilities for governmental activities are \$204,567,367 compared to \$127,909,667. This includes \$33,877,000 of long-term liabilities, compared to \$35,847,000 in 2004, which were issued in support of business-type activities, but serviced by governmental activities (tourism tax revenue). Long-term liabilities for business-type activities, which are supported by system revenues, are \$2,044,264 compared to \$2,835,689 in 2004.



Total net assets for the City are \$131,785,513 compared to \$130,761,758 in 2004. This includes \$54,219,117 for governmental activities and \$77,566,396 for business-type activities compared to \$54,348,175 and \$76,413,583 for 2004. Of total net assets, \$88,654,570 is invested in capital assets, net of related debt compared to \$78,951,464 in 2004. This shows that in both fiscal years, the City does not have outstanding debt on assets that are already fully depreciated and continues to pay down debt before assets are used up. Total increase in net assets before transfers in 2005 were \$1,984,252 compared to \$3,521,023 for 2004. Governmental activities increased net assets by \$831,439 while business-type activities increased net assets by \$1,152,813. These amounts are in line with expectations. Net transfers were \$4,435,998 from governmental activities to business-type activities.

### 2004 Total Net Assets

Restricted,  
Unrestricted  
39.62%



Invested in  
capital  
assets, net  
60.38%

### 2005 Total Net Assets

Restricted,  
Unrestricted  
32.73%



Invested in  
capital  
assets, net  
67.27%

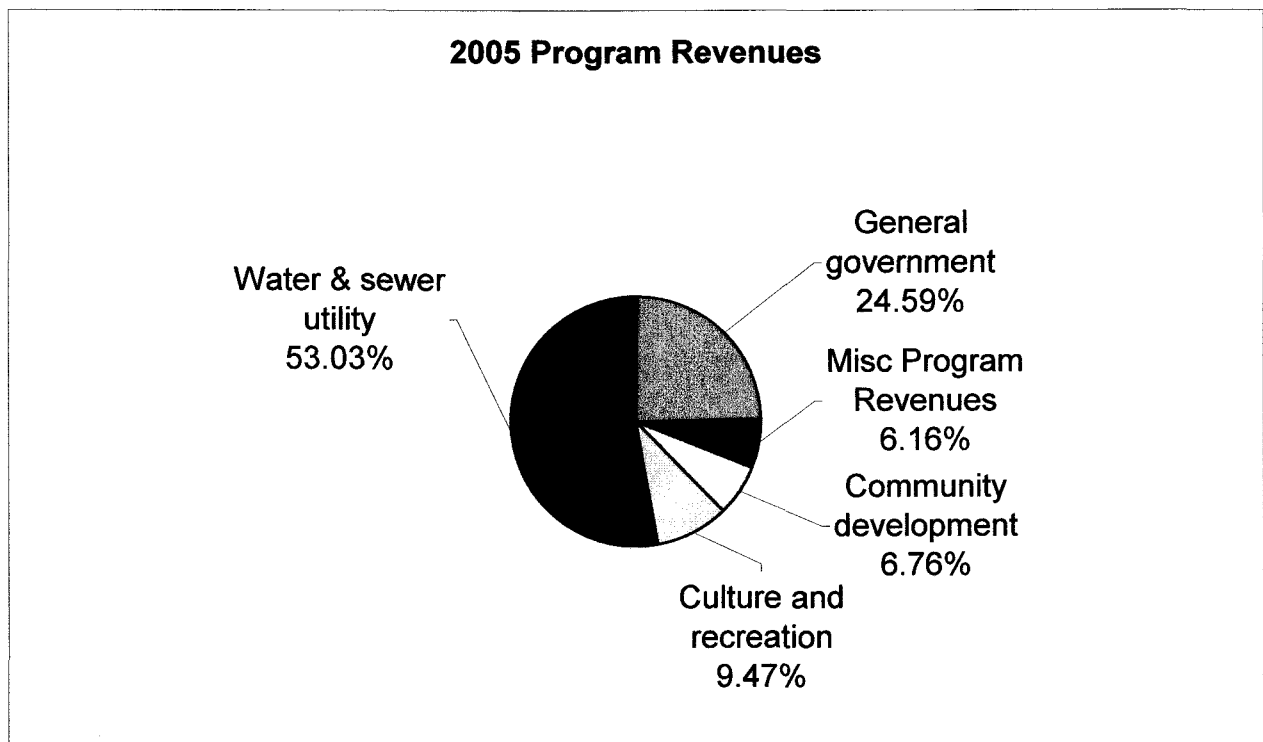
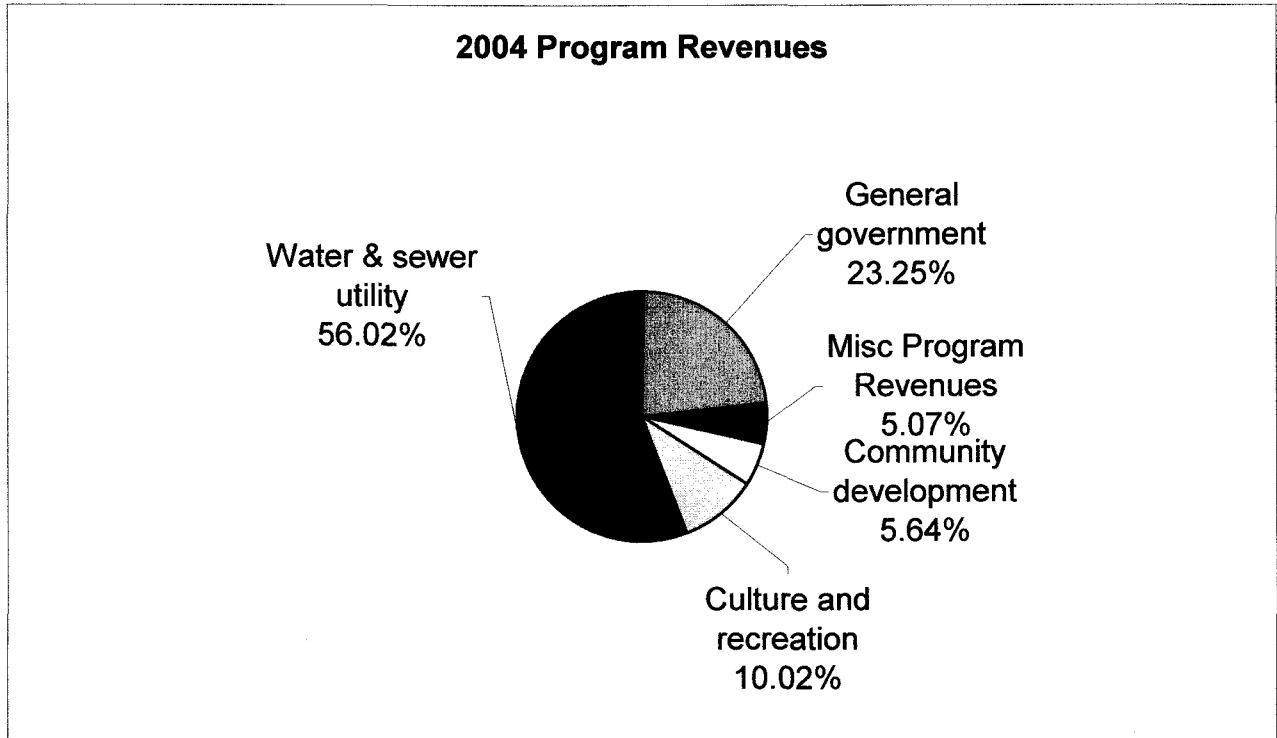
## Statement of Activities

The following table presents the revenues and expenses for the City's activities for the years ended September 30, 2005 and 2004:

### City of Branson Statement of Activities

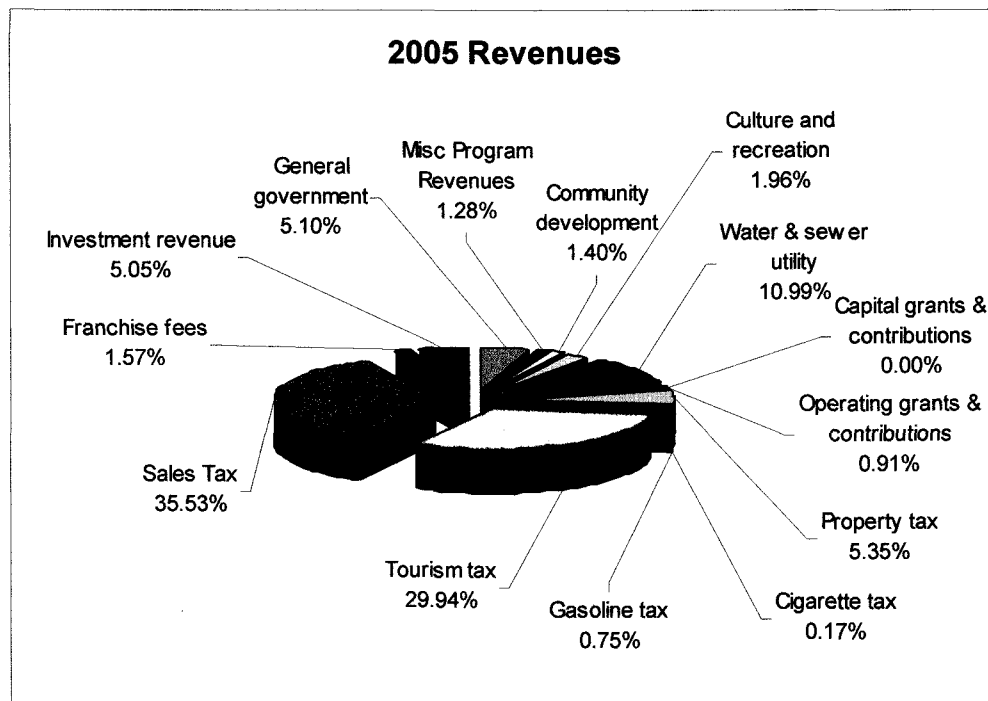
City of Branson Statement of Activities						
	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services:						
General government	\$ 1,786,399	\$ 1,624,581	\$ -	\$ -	\$ 1,786,399	\$ 1,624,581
Misc Program						
Revenues	447,341	354,360	-	-	447,341	354,360
Community						
development	491,521	393,853	-	-	491,521	393,853
Culture and recreation	687,708	700,034	-	-	687,708	700,034
Water & sewer utility	-	-	3,852,735	3,913,997	3,852,735	3,913,997
Capital grants and						
contributions	-	-	-	911,433	-	911,433
Operating grants and						
contributions	317,233	264,352	-	-	317,233	264,352
Property tax	1,875,088	1,773,199	-	-	1,875,088	1,773,199
Cigarette tax	59,901	56,347	-	-	59,901	56,347
Gasoline tax	262,098	255,940	-	-	262,098	255,940
Tourism tax	10,495,936	10,678,801	-	-	10,495,936	10,678,801
Sales tax	12,454,943	12,325,171	-	-	12,454,943	12,325,171
Franchise fees	550,556	525,083	-	-	550,556	525,083
Investment revenue	1,719,869	1,525,331	49,780	-	1,769,649	1,525,331
Gain on sale of capital						
assets	-	-	-	56,763	-	56,763
Total revenues	31,148,593	30,477,052	3,902,515	4,882,193	35,051,108	35,359,245
Expenses:						
General government	3,029,990	3,035,778	-	-	3,029,990	3,035,778
Public safety	5,258,799	4,785,882	-	-	5,258,799	4,785,882
Tourism	3,145,185	2,950,686	-	-	3,145,185	2,950,686
Public works	6,859,721	6,452,454	-	-	6,859,721	6,452,454
Engineering services	538,614	530,728	-	-	538,614	530,728
Community development	624,574	626,690	-	-	624,574	626,690
Culture and recreation	1,495,974	1,148,777	-	-	1,495,974	1,148,777
Interest on long-term						
debt	4,928,299	4,968,306	-	-	4,928,299	4,968,306
Water & sewer utility	-	-	7,185,700	7,338,921	7,185,700	7,338,921
	25,881,156	24,499,301	7,185,700	7,338,921	33,066,856	31,838,222
Increase in net assets before						
transfers	5,267,437	5,977,751	(3,283,185)	(2,456,728)	1,984,252	3,521,023
Transfers	(4,435,998)	(6,362,558)	4,435,998	6,362,558	-	-
Change in net assets	831,439	(384,807)	1,152,813	3,905,830	1,984,252	3,521,023
Net assets, beginning						
(adjusted)	53,387,678	54,732,982	76,413,583	72,507,753	129,801,261	127,240,735
Net assets, ending	\$ 54,219,117	\$ 54,348,175	\$ 77,566,396	\$ 76,413,583	\$ 131,785,513	\$ 130,761,758

The government-wide Statement of Activities indicates that the major sources of program revenues are provided by charges for services, rents, leases and grants. The City's water & sewer utility accounts for 53.03% of all charges for service. The City did not experience any significant variance from projected program revenues for 2005 compared to 2004. Program revenues, exclusive of taxes, interest and grants are depicted below.



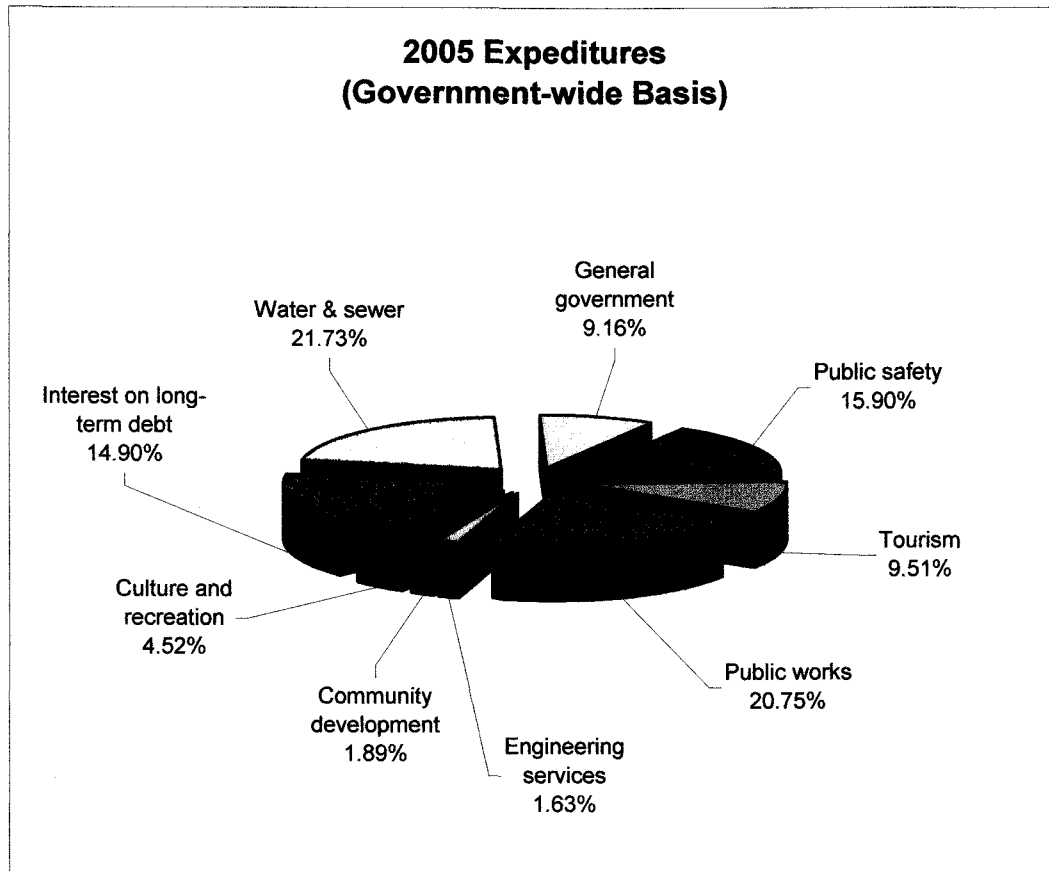
The City received \$317,233 in operating grants and contributions during 2005. The City receives county sales tax through two sources: 1/ Reimbursement from the county capital improvement sales tax for approved sewer extension projects, and 2/ TIF revenues of .8 of 1% per \$1.00 sales in the Branson Meadows TIF district. The operating grants for fiscal year 2004 and fiscal year 2005 were higher than in previous years.

The most significant source of all revenues is the sales tax, which includes general, transportation, and tourism taxes. The City of Branson has been fortunate that sales & tourism taxes have remained stable during the national downturn in the economy that has caused the rate of growth to slow over the past two years.



Total program expenses, which do not include major capital expenses for FY 2005, are \$33,066,856, and \$31,838,222 for 2004. The majority of the expenses are for governmental activities. Public Works expense, which includes all facilities, roadway and equipment maintenance along with operation of the city's sewer and water utility systems, comprises the largest category of operating expense for the all activities.

Decreases were seen in interest on long-term debt, general government expenditures and public works.



## Fund Statements

The City of Branson fund statements can be found on pages 19 through 31 of the basic financial statements. Again, these statements are compiled on the modified accrual basis and are reconciled to the government-wide financial statements. Combined governmental and proprietary funds ended FY 2005 with \$195,551,096 in fund balance and net assets compared to \$151,396,031 in FY 2004. This reflects the intense activity the City has undertaken with major capital projects and funding provided by the 2004A and 2005A Bond Issues.

Significant events in the general fund included the following:

- The City was able to transfer \$1,288,210 from this fund to the capital projects fund to support the capital program and the City's pay-as-you-go-policy.
- The overall tax levy increased slightly from .4851 in 2004 to .4853 in 2005.

- In 2005, the City council planned to use \$1,838,210 of unappropriated fund balance carried forward in the general fund from prior years to provide funding for major capital projects, which included the recreation complex, public safety and administrative facilities. The city chose to utilize only \$1,288,210 of this amount in order to maintain the fund balance near the prior year ending balance.

The debt service fund has a fund balance of \$19,501,372, all of which must be used for the payment of current and future debt service. The \$7,230,612 increase in fund balance over the 2004 fund balance is due to the deposit of reserves for the 2005A \$80,000,000 MDFB bonds. None of the current debt is supported by a property tax levy. Future debt service will be provided by a combination of funds supporting debt refunded in 2003 and Tax Increment Financing revenues to be provided by the Waterfront TIF District.

The Tourism tax fund finished 2005 with almost no change in fund balance. Revenues were 2% below projections reflecting a slight slowdown in tourism activity. Debt service coverage from infrastructure funds was 187% of the amount required for payments.

The net assets of the enterprise funds total \$77,424,988 compared to \$76,311,289 at year-end 2004. However, the following should be noted:

- Water & Sewer fund ends each year with a net loss, before transfers.
- Each year contributed capital is provided to this fund from tourism tax because it is the desire of the community to keep utility rates low. Without this contribution a significant increase in utility rates would be required to provide cash for both operations and capital investment. There has not been a change in utility rates since 1987. In 2005 we discontinued lower winter rates for commercial customers.

## Budget Variances

The City ended FY 2005 with variances in the general fund from budgeted/projected amounts for both projected revenues and budgeted expenditures. Year-end revenues were .72% under projections while year-end expenditures 7.25% under budget.

## Capital Assets

### City of Branson Capital Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$ 42,521,130	\$ 40,609,642	\$ 3,784,962	\$ 3,784,962	\$ 46,306,092	\$ 44,394,604
Buildings	17,322,430	5,554,869	43,775,098	45,639,021	61,097,528	51,193,890
Improvements, other	816,603	900,289	-	-	816,603	900,289
Furniture, fixtures and equipment	2,702,606	2,606,292	552,079	580,320	3,254,685	3,186,612
Infrastructure	49,601,364	46,853,551	25,201,346	23,650,741	74,802,710	70,504,292
Construction in progress	28,924,917	11,507,428	4,672,304	243,276	33,597,221	11,750,704
Total	<u>\$ 141,889,050</u>	<u>\$ 108,032,071</u>	<u>\$ 77,985,789</u>	<u>\$ 73,898,320</u>	<u>\$ 219,874,839</u>	<u>\$ 181,930,391</u>

## Major Capital Asset Events FY 05

- Acquisition of major land parcels for the convention center/hotel development area in the Branson Landing downtown development project
- Construction continues to proceed on the boardwalk/public infrastructure of the Branson Landing downtown development. Construction underway on the private portion of the public/private Branson Landing development.
- Construction completed on the Branson Hills Parkway
- Construction 99% completed on the Branson recreation and activity center complex in Branson Hills, which opened to the public in June, 2005.
- Construction underway on the extension and improvement to Fall Creek Road
- Construction of a new downtown watertower to service the existing and redeveloped downtown district.
- Construction of a greenhouse to provide landscaping for city facilities.
- Construction of a new watertower to service the new recreation complex.
- Completion of several curb and gutter projects
- Completion of Copeland Branch sewer project
- Acquired easements for Bee Creek sewer project

More detailed information concerning the city's capital asset activity can be found in note 6 of the notes to the basic financial statements.

## Debt Administration

The City's debt issues are discussed in Note 8 to the basic financial statements. During 2005, the City issued \$80,000,000 in Missouri Development Finance Board Infrastructure Facilities Bonds. As discussed earlier, these bonds complete funding for the city's Public-Private partnership in the redevelopment of the downtown lakefront district and construction of a convention center in the downtown district.

The City does not have any General Obligation debt at year-end. Revenue bonds outstanding are serviced primarily by the tourism tax; two small issues are serviced with funds provided by the water & sewer utility. The 2003 annual appropriation bonds are serviced by a combination of funds available previously to service the refunded bonds. Semi-annual interest payments on the 2004 and 2005 annual appropriation bonds are capitalized as part of the project cost until completion.

### City of Branson Net Outstanding Debt

#### City of Branson Net Outstanding Debt

	FY2005	FY2004
<b><u>Government Activities</u></b>		
MDFB Annual Appropriation - 03	\$ 49,280,000	\$ 52,840,000
MDFB Annual Appropriation - 04-05	120,000,000	40,000,000
Tourism Tax Revenue Bonds	33,877,000	35,847,000
	<u>\$ 203,157,000</u>	<u>\$ 128,687,000</u>
<b><u>Business-type Activities</u></b>		
Water & Sewer Revenue Bonds	\$ 1,855,000	\$ 2,690,000
	<u>\$ 1,855,000</u>	<u>\$ 2,690,000</u>

## Economic Outlook

The last several years the City of Branson has experienced moderate growth and not the economic downturn suffered nationally. Revenues, although not expanding at the same pace as experienced in the 1990's, are stable for a tourism destination due to the type of destination and our geographic location. We are currently experiencing tremendous activity in development of all tourism amenities, including theatres, motel/hotels, restaurants, shopping, etc., which has been spurred by the Branson Landing development.

## Financial Contact

The City's financial statements are formatted to present users with a general overview of the City's finances and to demonstrate the City's accountability. Questions or requests for additional information should be directed to the Director of Finance, 110 W. Maddux, Branson, Missouri 65616.



## CITY OF BRANSON, MISSOURI

## STATEMENT OF NET ASSETS

September 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 20,933,433	\$ 859,611	\$ 21,793,044
Receivables, net:			
Property tax	66,579	-	66,579
Sales tax	1,872,631	-	1,872,631
Tourism tax	1,324,348	-	1,324,348
Water and sewer	-	767,846	767,846
Other	394,366	55,424	449,790
Internal balances	(141,408)	141,408	-
Inventories	14,427	-	14,427
Prepaid expenses	18,784	-	18,784
Restricted cash and cash equivalents	-	1,082,154	1,082,154
Restricted investments	96,612,624	45,514	96,658,138
Other assets	2,600,939	-	2,600,939
Capital assets:			
Land and construction in progress	71,446,047	8,457,266	79,903,313
Depreciable capital assets, net of accumulated depreciation	70,443,003	69,528,523	139,971,526
Total assets	265,585,773	80,937,746	346,523,519
Liabilities:			
Accounts payable and accrued expenses	4,496,612	672,942	5,169,554
Accrued interest payable	2,151,344	-	2,151,344
Deferred revenue	66,579	-	66,579
Unearned revenue	84,754	-	84,754
Liabilities payable from restricted assets:			
Customer deposits	-	477,154	477,154
Other payable	-	176,990	176,990
Long-term liabilities:			
Due within one year	6,453,444	1,001,680	7,455,124
Due in more than one year	198,113,923	1,042,584	199,156,507
Total liabilities	211,366,656	3,371,350	214,738,006
Net assets:			
Invested in capital assets, net of related debt	12,523,781	76,130,789	88,654,570
Restricted for:			
Nonexpendable perpetual care	3,460	-	3,460
Debt service	23,712,563	-	23,712,563
Unrestricted	17,979,313	1,435,607	19,414,920
Total net assets	\$ 54,219,117	\$ 77,566,396	\$ 131,785,513

See accompanying notes to basic financial statements.

## CITY OF BRANSON, MISSOURI

## STATEMENT OF ACTIVITIES

Year Ended September 30, 2005

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,029,990	\$ 1,786,399	\$ 55,283	\$ -	\$ (1,188,308)	\$ -	\$ (1,188,308)
Public safety	5,258,799	313,549	2,706	-	(4,942,544)	-	(4,942,544)
Tourism	3,145,185	62,397	-	-	(3,082,788)	-	(3,082,788)
Public works	6,859,721	60,342	250,236	-	(6,549,143)	-	(6,549,143)
Engineering services	538,614	11,053	-	-	(527,561)	-	(527,561)
Community development	624,574	491,521	-	-	(133,053)	-	(133,053)
Culture and recreation	1,495,974	687,708	9,008	-	(799,258)	-	(799,258)
Interest on long-term debt	4,928,299	-	-	-	(4,928,299)	-	(4,928,299)
Total governmental activities	25,881,156	3,412,969	317,233	-	(22,150,954)	-	(22,150,954)
Business-type activities:							
Water and sewer	7,185,700	3,852,735	-	-	-	(3,332,965)	(3,332,965)
Total business-type activities	7,185,700	3,852,735	-	-	-	(3,332,965)	(3,332,965)
Total government	\$ 33,066,856	\$ 7,265,704	\$ 317,233	\$ -	(22,150,954)	(3,332,965)	(25,483,919)
General revenues:							
Taxes:							
Property tax					1,875,088	-	1,875,088
Cigarette tax					59,901	-	59,901
Gasoline tax					262,098	-	262,098
Tourism tax					10,495,936	-	10,495,936
Sales tax					12,454,943	-	12,454,943
Franchise tax					550,556	-	550,556
Unrestricted investment earnings					1,719,869	49,780	1,769,649
Transfers					(4,435,998)	4,435,998	-
Total general revenues and transfers					22,982,393	4,485,778	27,468,171
Change in net assets					831,439	1,152,813	1,984,252
Net assets, beginning of year as previously stated					54,348,175	76,413,583	130,761,758
Prior period adjustment					(960,497)	-	(960,497)
Net assets, beginning of year as restated					53,387,678	76,413,583	129,801,261
Net assets, end of year					\$ 54,219,117	\$ 77,566,396	\$ 131,785,513

See accompanying notes to basic financial statements.

# CITY OF BRANSON, MISSOURI

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2005

	<u>General</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 12,046,656
Receivables, net:	
Property taxes	66,579
Sales taxes	1,205,845
Tourism tax	-
Other	394,366
Restricted investments	-
Prepaid expenses	18,784
Inventories	14,427
Total assets	<u>\$ 13,746,657</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 193,166
Retainage payable	-
Accrued expenses	503,955
Deferred revenue	66,579
Unearned revenue	40,447
Total liabilities	<u>804,147</u>
Fund balances:	
Reserved for:	
Encumbrances	62,038
Inventories and prepaid expenses	33,211
Debt service	-
Other purposes	5,169,968
Unreserved, reported in:	
General fund	7,677,293
Debt service fund	-
Capital projects funds	-
Special revenue funds	-
Total fund balances	<u>12,942,510</u>
Total liabilities and fund balances	<u>\$ 13,746,657</u>

See accompanying notes to basic financial statements.

<u>Tourism Tax</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,737,039	\$ 3,949,985	\$ -	\$ 354,624	\$ 20,088,304
-	-	-	-	66,579
-	666,786	-	-	1,872,631
1,324,348	-	-	-	1,324,348
-	-	-	-	394,366
6,362,535	14,884,601	75,365,488	-	96,612,624
-	-	-	-	18,784
-	-	-	-	14,427
<u>\$ 11,423,922</u>	<u>\$ 19,501,372</u>	<u>\$ 75,365,488</u>	<u>\$ 354,624</u>	<u>\$ 120,392,063</u>
\$ 336,873	\$ -	\$ 2,267,536	\$ 53,111	\$ 2,850,686
-	-	1,122,319	-	1,122,319
-	-	-	19,652	523,607
-	-	-	-	66,579
-	-	84,754	-	125,201
<u>336,873</u>	<u>-</u>	<u>3,474,609</u>	<u>72,763</u>	<u>4,688,392</u>
-	-	6,139,851	9,965	6,211,854
-	-	-	-	33,211
6,362,535	-	-	-	6,362,535
85,038	-	-	3,460	5,258,466
-	-	-	-	7,677,293
-	19,501,372	-	-	19,501,372
-	-	65,751,028	32,934	65,783,962
4,639,476	-	-	235,502	4,874,978
<u>11,087,049</u>	<u>19,501,372</u>	<u>71,890,879</u>	<u>281,861</u>	<u>115,703,671</u>
<u>\$ 11,423,922</u>	<u>\$ 19,501,372</u>	<u>\$ 75,365,488</u>	<u>\$ 354,624</u>	<u>\$ 120,392,063</u>

CITY OF BRANSON, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS

September 30, 2005

Total fund balance in Governmental Fund Balance Sheet	\$ 115,703,671
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	140,311,742
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	40,447
Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	2,281,029
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(204,117,772)</u>
Net assets of governmental activities	<u><u>\$ 54,219,117</u></u>

See accompanying notes to basic financial statements.

# CITY OF BRANSON, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended September 30, 2005

	General
Revenues:	
Taxes	\$ 9,831,138
Licenses and permits	793,548
Court fines	221,967
Lease and rent	1,025,086
Charges for services	-
Interest income	383,507
Contributions and grants	57,989
Miscellaneous	990,949
Total revenues	<u>13,304,184</u>
Expenditures:	
Current:	
General government	3,312,040
Public safety	5,103,631
Public works	1,748,692
Engineering	513,703
Community development	628,712
Culture and recreation	-
Tourism	-
Debt service:	
Principal	-
Interest and other charges	-
Bond issuance costs	-
Capital outlay	-
Total expenditures	<u>11,306,778</u>
Excess (deficiency) of revenues over expenditures	<u>1,997,406</u>
Other financing sources (uses):	
Bonds issued	-
Issuance premium on bonds	-
Transfers in	-
Transfers out	(2,588,210)
Total other financing sources and uses	<u>(2,588,210)</u>
Net change in fund balances	(590,804)
Fund balances, beginning of year	<u>13,533,314</u>
Fund balances, end of year	<u><u>\$ 12,942,510</u></u>

See accompanying notes to basic financial statements.

Tourism Tax	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 10,495,936	\$ 5,311,547	\$ -	\$ 59,901	\$ 25,698,522
-	-	-	-	793,548
-	-	-	-	221,967
-	-	69,899	-	1,094,985
62,398	-	-	669,565	731,963
807,755	257,054	271,552	-	1,719,868
-	-	250,236	9,008	317,233
-	-	15,369	289	1,006,607
<u>11,366,089</u>	<u>5,568,601</u>	<u>607,056</u>	<u>738,763</u>	<u>31,584,693</u>
-	-	2,390	-	3,314,430
-	-	-	-	5,103,631
-	-	-	-	1,748,692
-	-	-	-	513,703
-	-	-	-	628,712
-	-	-	1,362,018	1,362,018
3,145,185	-	-	-	3,145,185
1,970,000	3,560,000	-	-	5,530,000
1,988,785	2,538,089	-	-	4,526,874
-	-	895,645	-	895,645
-	-	39,558,654	-	39,558,654
<u>7,103,970</u>	<u>6,098,089</u>	<u>40,456,689</u>	<u>1,362,018</u>	<u>66,327,544</u>
<u>4,262,119</u>	<u>(529,488)</u>	<u>(39,849,633)</u>	<u>(623,255)</u>	<u>(34,742,851)</u>
-	4,993,292	75,006,708	-	80,000,000
-	2,085,146	-	-	2,085,146
-	750,000	1,421,152	500,000	2,671,152
(4,156,000)	(68,338)	(279,998)	(14,604)	(7,107,150)
<u>(4,156,000)</u>	<u>7,760,100</u>	<u>76,147,862</u>	<u>485,396</u>	<u>77,649,148</u>
106,119	7,230,612	36,298,229	(137,859)	42,906,297
<u>10,980,930</u>	<u>12,270,760</u>	<u>35,592,650</u>	<u>419,720</u>	<u>72,797,374</u>
<u>\$ 11,087,049</u>	<u>\$ 19,501,372</u>	<u>\$ 71,890,879</u>	<u>\$ 281,861</u>	<u>\$ 115,703,671</u>

CITY OF BRANSON, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES

Year Ended September 30, 2005

Net change in fund balances - total governmental funds \$ 42,906,297

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 33,775,670

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,254

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (75,659,501)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (392,130)

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 197,849

Change in net assets of governmental activities \$ 831,439



# CITY OF BRANSON, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2005

	Original and Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes	\$ 951,000	\$ 1,075,088	\$ 124,088
Financial institution taxes	2,100	749	(1,351)
State gasoline tax	246,419	262,098	15,679
Sales tax	7,950,279	7,942,647	(7,632)
Franchise taxes	505,000	550,556	45,556
	<u>9,654,798</u>	<u>9,831,138</u>	<u>176,340</u>
Licenses and permits:			
Merchant licenses	239,897	242,591	2,694
Building permits	301,349	432,698	131,349
Elevator permits	9,746	1,680	(8,066)
Planning and zoning fees	17,944	18,881	937
Health permits and lab fees	80,560	63,256	(17,304)
Pool permits	-	9,025	9,025
Downtown parking	12,722	17,237	4,515
Animal licenses	1,331	1,080	(251)
Fire permits	4,859	6,500	1,641
Alarm fines	909	600	(309)
	<u>669,317</u>	<u>793,548</u>	<u>124,231</u>
City court fines	<u>224,036</u>	<u>221,967</u>	<u>(2,069)</u>
Lease and rents:			
Wharf leases	-	7,364	7,364
Rental income	2,626	3,476	850
Airport leases	850,824	892,621	41,797
Telecommunications tower	89,947	121,625	31,678
	<u>943,397</u>	<u>1,025,086</u>	<u>81,689</u>
Interest income	<u>1,000,000</u>	<u>383,507</u>	<u>(616,493)</u>
Miscellaneous:			
911 agreement	170,056	205,114	35,058
Hollister health agreement	6,500	6,500	-
Downtown NID	23,949	30,801	6,852
TCHD inspection agreement	55,000	59,455	4,455
Grants	3,095	53,667	50,572
Park maintenance	346,787	399,749	52,962
Tourism administration	213,500	187,454	(26,046)
Sewer/water administration	50,000	50,000	-
Miscellaneous	<u>3,708</u>	<u>19,422</u>	<u>15,714</u>
Miscellaneous subtotal	<u>\$ 872,595</u>	<u>\$ 1,012,162</u>	<u>\$ 139,567</u>

# CITY OF BRANSON, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND (Continued)

Year Ended September 30, 2005

	Original and Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Miscellaneous (continued):			
Miscellaneous subtotal forward	\$ 872,595	\$ 1,012,162	\$ 139,567
Vending machine revenues	9,439	7,304	(2,135)
Police other revenue	20,425	17,746	(2,679)
Public works other revenue	5,951	4,496	(1,455)
Engineering copy fees	1,927	2,908	981
Contributions	-	4,322	4,322
	<u>910,337</u>	<u>1,048,938</u>	<u>138,601</u>
Total revenues	<u>13,401,885</u>	<u>13,304,184</u>	<u>(97,701)</u>
Expenditures:			
Mayor and board	93,941	124,195	(30,254)
City administration	476,797	454,457	22,340
Human resources	247,771	223,091	24,680
Administrative services	1,438,992	1,355,163	83,829
Finance	627,744	589,874	37,870
Legal	591,166	391,183	199,983
Police	3,107,252	2,973,235	134,017
Fire	2,158,318	2,124,727	33,591
Public works	1,721,708	1,756,090	(34,382)
Engineering	597,430	517,434	79,996
Community development	740,702	628,409	112,293
Miscellaneous	400,960	180,685	220,275
Total expenditures	<u>12,202,781</u>	<u>11,318,543</u>	<u>884,238</u>
Other financing sources (uses):			
Transfers out	<u>(3,088,210)</u>	<u>(2,588,210)</u>	<u>500,000</u>
Net change in fund balance	(1,889,106)	(602,569)	1,286,537
Budgetary fund balance, beginning of year	<u>12,699,485</u>	<u>13,483,041</u>	<u>783,556</u>
Budgetary fund balance, end of year	<u>\$ 10,810,379</u>	<u>12,880,472</u>	<u>\$ 2,070,093</u>
Explanation of difference between budgetary and GAAP fund balances:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		<u>62,038</u>	
GAAP fund balance, end of year		<u>\$ 12,942,510</u>	

See accompanying notes to basic financial statements.

CITY OF BRANSON, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - TOURISM TAX FUND

Year Ended September 30, 2005

	Original and Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
Revenues:			
Tourism taxes	\$ 10,650,000	\$ 10,495,936	\$ (154,064)
Website sales	-	62,398	62,398
Interest	780,000	807,755	27,755
Total revenues	11,430,000	11,366,089	(63,911)
Expenditures:			
Tourism administration	213,500	178,501	34,999
Tourism marketing	2,612,000	2,689,834	(77,834)
Debt service:			
Principal	1,970,000	1,970,000	-
Interest	1,959,654	1,988,785	(29,131)
Total expenditures	6,755,154	6,827,120	(71,966)
Other financing sources (uses):			
Transfers out	(4,142,000)	(4,156,000)	(14,000)
Net change in fund balances	532,846	382,969	(149,877)
Budgetary fund balances, beginning of year	11,550,061	10,704,080	(845,981)
Budgetary fund balances, end of year	\$ 12,082,907	\$ 11,087,049	\$ (995,858)
GAAP fund balance, end of year		\$ 11,087,049	

See accompanying notes to basic financial statements.

# CITY OF BRANSON, MISSOURI

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

September 30, 2005

	Enterprise Water and Sewer	Internal Service Equipment Replacement
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 859,611	\$ 845,129
Restricted cash and cash equivalents	477,154	-
Restricted investments	45,514	-
Receivables, net:		
Water and sewer billings	767,846	-
Other	55,424	-
Total current assets	<u>2,205,549</u>	<u>845,129</u>
Noncurrent assets:		
Restricted cash and cash equivalents	605,000	-
Capital assets:		
Land and improvements	3,784,962	-
Construction in progress	4,672,304	-
Water and sewer treatment plants	65,780,012	-
Water and sewer mains and lines	36,039,800	-
Machinery and equipment	813,117	3,446,637
Less accumulated depreciation	(33,104,406)	(1,869,329)
Total capital assets	<u>77,985,789</u>	<u>1,577,308</u>
Total noncurrent assets	<u>78,590,789</u>	<u>1,577,308</u>
Total assets	<u>80,796,338</u>	<u>2,422,437</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	533,102	-
Accrued expenses	139,840	-
Accrued compensated absences	136,680	-
Utility deposits	477,154	-
Bonds, notes and loans payable	865,000	-
Other payable	176,990	-
Total current liabilities	<u>2,328,766</u>	<u>-</u>
Noncurrent liabilities:		
Accrued compensated absences	52,584	-
Bonds, notes and loans payable	990,000	-
Total noncurrent liabilities	<u>1,042,584</u>	<u>-</u>
Total liabilities	<u>3,371,350</u>	<u>-</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	76,130,789	1,577,308
Unrestricted	1,294,199	845,129
Total net assets	<u>\$ 77,424,988</u>	<u>\$ 2,422,437</u>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.	141,408	
Net assets of business-type activities	<u>\$ 77,566,396</u>	

See accompanying notes to basic financial statements.

CITY OF BRANSON, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND  
NET ASSETS - PROPRIETARY FUNDS

Year Ended September 30, 2005

	Enterprise Water and Sewer	Internal Service Equipment Replacement
Operating revenues:		
Charges for services (pledged as security for revenue bonds):		
Water	\$ 2,075,985	\$ -
Sewer	1,494,003	-
Rental income	-	613,296
Miscellaneous	34,015	16,229
Total operating revenues	3,604,003	629,525
Operating expenses:		
Personal services	2,309,408	-
Contractual services	1,367,740	-
Commodities	559,160	-
Depreciation	2,824,126	392,562
Total operating expenses	7,060,434	392,562
Operating income (loss)	(3,456,431)	236,963
Nonoperating revenues (expenses):		
Sewer capacity fees	209,618	-
Interest income	49,780	-
Interest expense	(125,266)	-
Total nonoperating revenues	134,132	-
Income (loss) before transfers	(3,322,299)	236,963
Transfers in	4,435,998	-
Change in net assets	1,113,699	236,963
Total net assets, beginning of year	76,311,289	2,185,474
Total net assets, end of year	\$ 77,424,988	\$ 2,422,437
Change in net assets	\$ 1,113,699	
Some amounts reported for business-type activities in the statement of activities are different because the net revenue of certain internal service funds is reported with business-type activities.	39,114	
Change in net assets of business-type activities	\$ 1,152,813	

See accompanying notes to basic financial statements.

# CITY OF BRANSON, MISSOURI

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year Ended September 30, 2005

	Enterprise Water and Sewer	Internal Service Equipment Replacement
Cash flows from operating activities:		
Receipts from customers	\$ 3,575,353	\$ -
Payments to suppliers	(1,589,175)	(39,493)
Payments to employees for services	(2,265,833)	-
Other receipts (payments)	(12,855)	613,296
Net cash provided by (used in) operating activities	(292,510)	573,803
Cash flows from capital and related financing activities:		
Purchases of capital assets	(6,871,605)	(457,642)
Principal paid on capital debt	(835,000)	-
Interest and bond costs paid on capital debt	(156,662)	-
Sewer capacity fees	209,618	-
Transfers from other funds	4,435,998	-
Net cash used in capital and related financing activities	(3,217,651)	(457,642)
Cash flows from investing activities:		
Proceeds from sales of investments	240,372	-
Purchases of investments	(239,431)	-
Interest and dividends	49,780	-
Net cash provided by investing activities	50,721	-
Net increase (decrease) in cash and cash equivalents	(3,459,440)	116,161
Cash and cash equivalents and restricted cash, beginning of year	5,401,205	728,968
Cash and cash equivalents and restricted cash, end of year	\$ 1,941,765	\$ 845,129
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (3,456,431)	\$ 236,963
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	2,824,126	392,562
Gain on sale of assets	-	(16,229)
Change in assets and liabilities:		
Receivables, net	(131,729)	-
Accounts and other payables	413,517	(39,493)
Accrued expenses	58,007	-
Net cash provided by (used in) operating activities	\$ (292,510)	\$ 573,803
Cash consists of:		
Cash and cash equivalents	\$ 859,611	\$ 845,129
Restricted cash and cash equivalents	1,082,154	-
	\$ 1,941,765	\$ 845,129

See accompanying notes to basic financial statements.

CITY OF BRANSON, MISSOURI  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

September 30, 2005

	<u>Agency Fund</u> <u>Landscape Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 730,213</u>
<u>LIABILITIES</u>	
Due to others	<u>\$ 730,213</u>

See accompanying notes to basic financial statements.